



# What's New in Payroll Legislation - 2018



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your neighbour

# Today's speaker



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Vice-President, Education

The Canadian Payroll Association

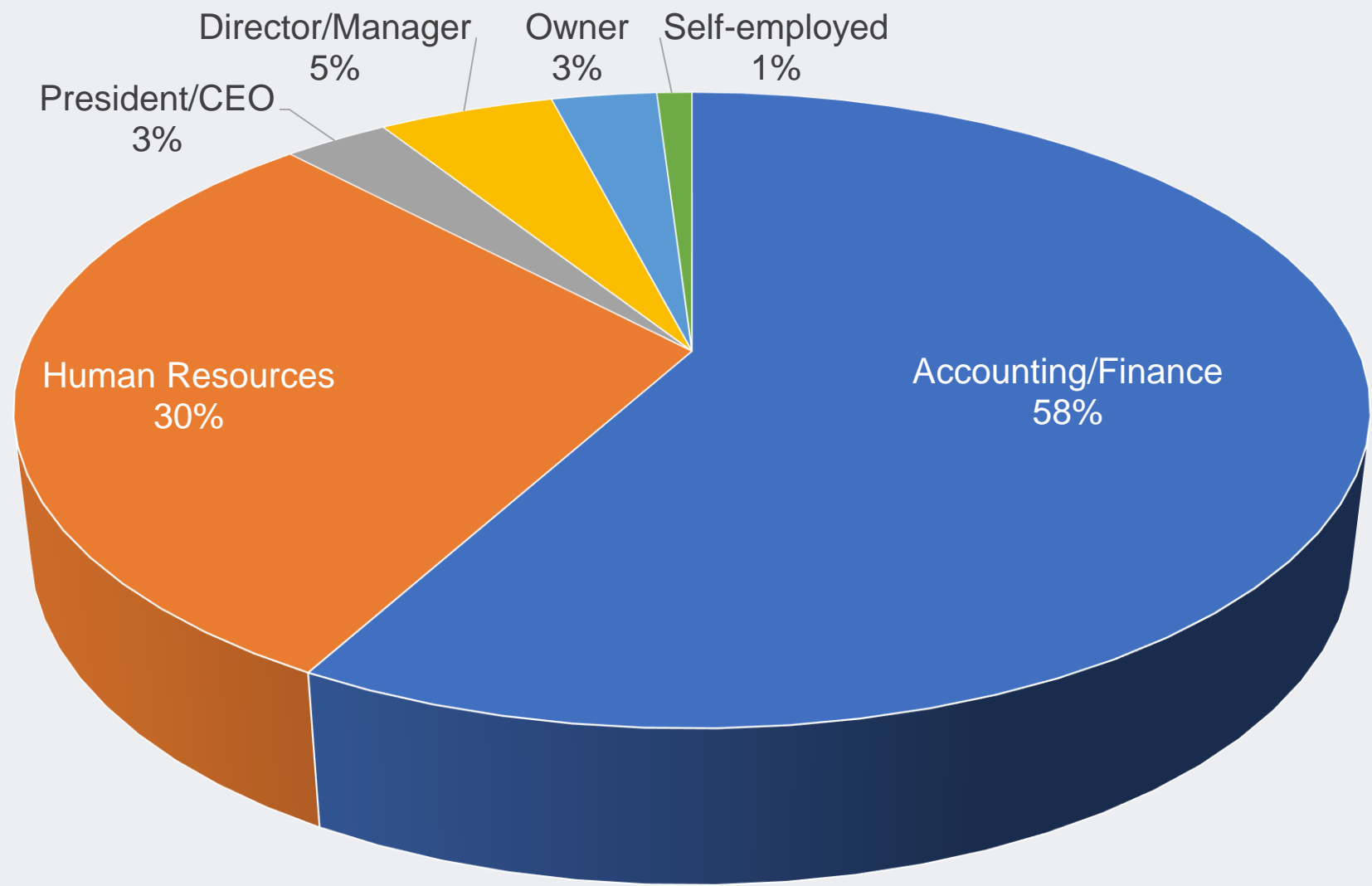
# Payroll Metrics

Canada's 1.5 million employers annually pay:

- \$928 billion in wages & taxable benefits
- \$313 billion in statutory remittances
- \$177 billion in health & retirement benefits

While complying with over 200 federal & provincial regulatory requirements

# Payroll Reporting Structure



# **Agenda**

**Federal legislative update**

**Provincial legislative update**

**Quebec legislative update**



# Federal Legislative Update



# Electronic T4 Slips





# Electronic T4 Slips

Employee consent not required if:

- Delivery is through a secure portal
- Option to print is available
- Paper still available – upon request

# Electronic T4 Slips

Paper required if:

- Conditions not met
- Employee requests
- Employee on extended leave or terminated
- No reasonable access to obtain electronic documents

# Electronic T4 Slips



# Canada Pension Plan

|                              | 2017        | 2018        |
|------------------------------|-------------|-------------|
| Maximum pensionable earnings | \$55,300.00 | \$55,900.00 |
| Annual exemption             | \$3,500.00  | \$3,500.00  |
| Contributory earnings        | \$51,800.00 | \$52,400.00 |
| Contribution rate            | 4.95%       | 4.95%       |
| Maximum contribution         | \$2,564.10  | \$2,593.80  |

# CPP Enhancement

To be implemented over 7 years

- Gradual increase of pensionable earnings
  - Targeted to be \$82,700 in 2025
- Increase contribution rate on YMPE over 5 years
  - From 4.95% to 5.95%

Phase in upper earnings limit over 2 years

New 4% contribution on enhanced earnings

# CPP Enhancement

| Year | Projected YMPE | Projected Upper Earnings | Contribution Rate |          |
|------|----------------|--------------------------|-------------------|----------|
|      |                |                          | YMPE              | Enhanced |
| 2018 | \$58,000       | \$58,000                 | 4.95%             | -        |
| 2019 | \$59,700       | \$59,700                 | 5.10%             | -        |
| 2020 | \$61,500       | \$61,500                 | 5.25%             | -        |
| 2021 | \$63,500       | \$63,500                 | 5.45%             | -        |
| 2022 | \$65,600       | \$65,600                 | 5.70%             | -        |
| 2023 | \$67,800       | \$67,800                 | 5.95%             | -        |
| 2024 | \$70,100       | \$74,900                 | 5.95%             | 4%       |
| 2025 | \$72,500       | \$82,700                 | 5.95%             | 4%       |

# CPP Enhancement

| Year | YMPE        | Upper earnings | CPP on YMPE @ 4.95% | CPP incremental increase | CPP on enhanced upper earnings | Combined contributions |
|------|-------------|----------------|---------------------|--------------------------|--------------------------------|------------------------|
| 2018 | \$58,000.00 | -              | \$2,697.75          | -                        | -                              | \$2,697.75             |
| 2019 | \$59,700.00 | -              | \$2,781.90          | \$84.30                  | -                              | \$2,866.20             |
| 2020 | \$61,500.00 | -              | \$2,871.00          | \$174.00                 | -                              | \$3,045.00             |
| 2021 | \$63,500.00 | -              | \$2,970.00          | \$300.00                 | -                              | \$3,270.00             |
| 2022 | \$65,600.00 | -              | \$3,073.95          | \$465.75                 | -                              | \$3,539.70             |
| 2023 | \$67,800.00 | -              | \$3,182.85          | \$643.00                 | -                              | \$3,825.85             |
| 2024 | \$70,100.00 | \$74,900.00    | \$3,296.70          | \$666.00                 | \$192.00                       | \$4,154.70             |
| 2025 | \$72,500.00 | \$82,700.00    | \$3,415.50          | \$690.00                 | \$408.00                       | \$4,513.50             |

# CPP Enhancement



Enhanced CPP contributions tax deductible



Increase to Working Income Tax Benefit



# The CPA's Position on Government Pension

- The CPA supports a modest enhancement to the CPP due to its administrative efficiencies and world-class investment performance
  - recommended a postponement of the planned ORPP implementation until there was a clearer direction on the possibility of an enhanced CPP
- Payroll service providers and software developers would have to spend millions of dollars to program such a change

# The CPA's Position on Government Pension

- The CPA provided the Ontario Government with an ORPP Implementation Timelines document to illustrate realistic timelines for full implementation
  - a major change to payroll systems requires an 18 month implementation plan
- The CPA has formally consulted and sat on the ORPP Business Advisory Group providing employer perspectives

# Employment Insurance

|                            | 2017        | 2018        |
|----------------------------|-------------|-------------|
| Maximum insurable earnings | \$51,300.00 | \$51,700.00 |
| Premium rate               | 1.63%       | 1.66%       |
| Maximum premium (employee) | \$836.19    | \$858.22    |
| Unreduced employer premium | 2.282%      | 2.324%      |
| Maximum premium (employer) | \$1,170.67  | \$1,201.51  |

# EI Premium Reduction Rates

## 2018 Reduced Employer EI premium

| Category 1 | Category 2 | Category 3 | Category 4 |
|------------|------------|------------|------------|
| Multiple   | Multiple   | Multiple   | Multiple   |
| 1.273      | 1.182      | 1.187      | 1.167      |

# El Premium Reduction

## Impact of reduced waiting period

- El waiting period changed to one week
- STD plans must align to qualify for El premium reduction
- Four-year transition period provided
  - Jan 1, 2017 to Jan 2, 2021

# Federal TD1

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2017 – changes  
to available  
credits

Line 5: Tuition

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Line 9: Caregiver

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Line 10: Infirm dependants

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# Pension Adjustment Limits

|                           | 2017        | 2018        |
|---------------------------|-------------|-------------|
| Defined Contribution      | \$26,230.00 | \$26,500.00 |
| Defined Benefit           |             |             |
| • Maximum benefit accrual | \$2,914.44  | \$2,944.44  |
| • Pension adjustment      | \$25,630.00 | \$25,900.00 |
| DPSP                      | \$13,115.00 | \$13,250.00 |
| RRSP                      | \$26,010.00 | \$26,230.00 |

# Tax Free Savings Account (TFSA)

## TFSA contribution limits

| Years       | Annual Limit |
|-------------|--------------|
| 2009 – 2012 | \$5,000      |
| 2013 – 2014 | \$5,500      |
| 2015        | \$10,000     |
| 2016 - 2017 | \$5,500      |



# T4 Reporting Changes

## Code 84: Public Transit Pass Deduction

- Federal Budget 2017 eliminated
- Effective July 1, 2017

# T4A: Fees for Services

- Best practice
  - report all fees paid to independent contractors
  - slip for individual or business
    - Box 012: Social Insurance Number
    - Box 013: Recipients Account Number

# Taxable Benefit Update

## Taxable Benefit Statistics

|          |  |
|----------|--|
| \$507.7M | • Housing, board and lodging (Code 30)       |
| \$612.7M | • Travel in a prescribed zone (Code 32)      |
| \$896.4M | • Employer provided auto (Code 34)           |
| \$37.9M  | • Interest free/low interest loans (Code 36) |
| \$5.3B   | • Security/stock options (Code 38)           |
| \$11.1B  | • Other benefits (Code 40)                   |

# Automobile Rates effective January 1, 2018

## Reasonable business KM reimbursement

- 55¢ first 5,000 KM
- 49¢ additional KM

## Operating benefit for company car

- 26¢ all personal KM

# Taxable Benefit Update

## 2017 Prescribed Interest Rates

- for taxable loan benefits



# Taxable Benefits

## Merchandise discounts

- The CRA announced earlier this year that the taxable benefit was to be calculated as:
  - FMV less amount paid by employee
- Exceptions:
  - discount offered to other groups
  - merchandise is old or soiled
- The CRA position changed back to the position formerly held based on employer cost

# Taxable Benefits

## Gifts & Awards

Non-taxable voucher

Taxable gift card or  
certificate

# Taxable Benefits

## **Federal Budget 2017 eliminates:**

Home relocation loan deduction

- Effective January 1, 2018

Municipal Officers Allowance

- Effective January 1, 2019



# Taxable Benefits

## Group Term Life Insurance for Retirees

- The CRA has established a \$50 threshold for reporting GTLI premiums paid on behalf of retirees reported on a T4A slip
- Effective for the 2018 tax reporting year
- Retirees are responsible for reporting benefits on their T1 return regardless of amounts therefore information from employers may still be required

# Taxable Benefits

## Social Events

- The CRA has increased the threshold for reporting employee benefits derived from employer-sponsored social events to \$150
- Effective for the 2018 tax reporting year

# Top 10 Audit Adjustments

1.

Unreported payments

2.

Reclassification of employment status

3.

Automobile stand-by and operating expenses

4.

Parking

5.

Vehicle allowances

# Top 10 Audit Adjustments

6.

Personal living expenses

7.

Housing, free/low rent, board & lodging

8.

Security / stock options

9.

Travel expenses and allowances

10.

Medical expenses, insurance and provincial plan premiums

# CRA Online Services

## My Business Account

- View return details
  - Display detailed summary data
  - Display slip details
  - Select slips and returns to amend
  - Download slips and returns in CSV format

# CRA Online Services

## My Business Account

- Future update
  - Online PIER
  - Download PIER
  - Reply to discrepancies online
  - Pay discrepancies online

# Online Initiatives

## SIN / Surname Mismatch Report

### Invalid SIN/SIN-Surname Problem Report

Date of Report

"The information contained in this report can only be used by the filer to comply with their income tax reporting obligations and any use of that information unrelated to their income tax reporting obligations is illegal and must not take place."

Please investigate and file an amendment with the correct SIN and/or Name

| Reporting Year | Return Type | Confirmation Number | Slip Identification Number (Slip Sequence Number) | Reported SIN | Reported Name | Error Description    |
|----------------|-------------|---------------------|---|--------------|---------------|----------------------|
| 2014           | T4          | 12345678            | 14A801773000000004                                | xxx xxx 123  | John Smith    | Invalid SIN          |
| 2014           | T4A         | 12345679            | 14A801773000000007                                | xxx xxx 456  | John Doe      | SIN/Surname Mismatch |

# CPP (SIN) Regulations

## Amendments June 14, 2017

- Employer no longer responsible to provide SIN application forms
- Report failure to provide SIN to Service Canada
  - confirm if SIN later provided



# Enhanced CPP Benefits

The enhancements to CPP will increase benefits

- from 25% of eligible earnings
- to 33.3% of eligible earnings

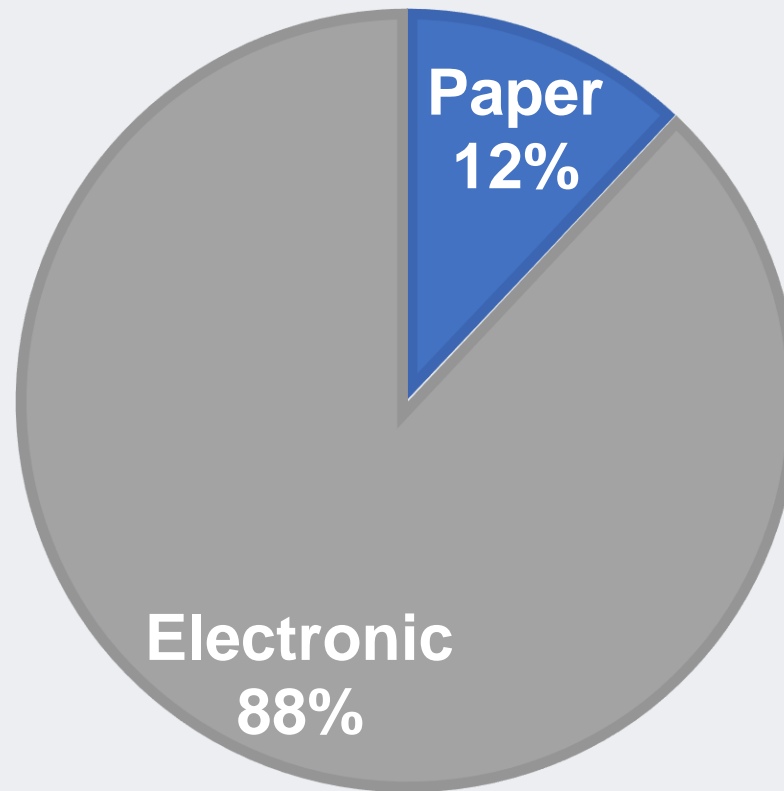
Full impact following 40 years of participation

Partial benefit increases based on years of contributions

# Record of Employment

## ELECTRONIC VS. PAPER SUBMISSION

■ Paper ■ Electronic



# ROE Web Update

Version 12.1 launched June 3, 2017

- Create another button added
- Pressing 'Enter' now saves data entered
- Amend option moved to the left
- ROE free from error confirmation reinstated
- 15B auto fills from data in 15C
- Updated messages and inline help

# ROE Web Update

Version 12.1 launched June 3, 2017

- Change language in an active session
- Prevent users from issuing their own ROE
- More stringent rules on XML file format
- Strengthening delete controls
- Accessible drop down menus

# Employment Insurance Programs

## Caregiver benefit

- New benefit
- Effective December 3, 2017
- Up to 15 weeks of benefits

# Employment Insurance Programs

## Parental leave – flexible payment option

- Effective December 3, 2017
- Provides two options
  - Current 35 weeks at 55% of wages
  - New 61 weeks at 33% of wages

# Employment Insurance Programs

## Maternity benefits

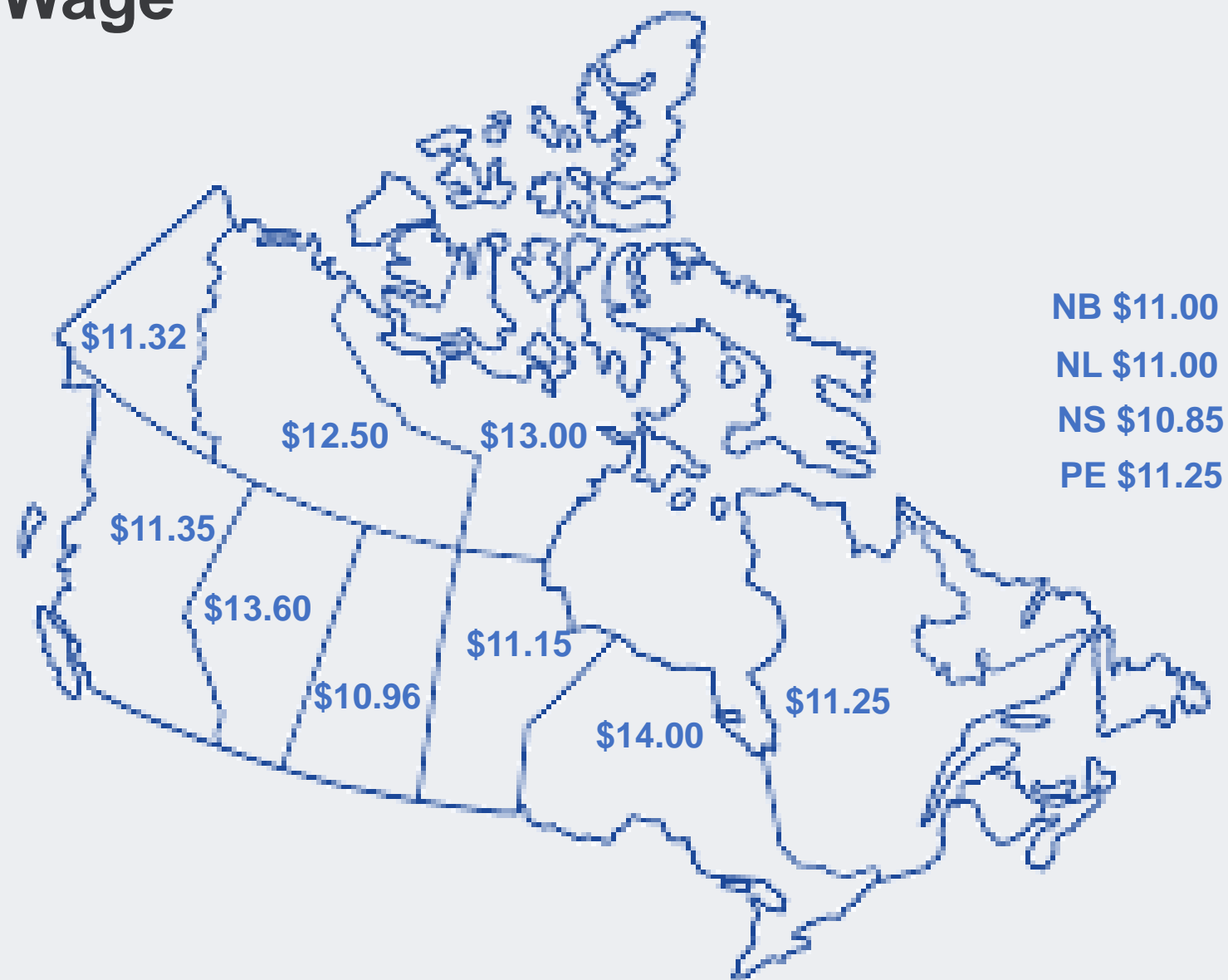
- Remain at 15 weeks at 55% of wages
- Option to commence claim 12 weeks prior to delivery

# Provincial Legislative Updates





# Minimum Wage



# Bank Holiday Schedule

## 2018 bank holidays

- Review payroll calendar
- Adjust processing cut-off
- Adjust pay dates

2018

| January  | February   | March  | April   |
|--|--|--|---|
| S M T W T F S<br>1 2 3 4 5 6<br>7 8 9 10 11 12 13<br>14 15 16 17 18 19 20<br>21 22 23 24 25 26 27<br>28 29 30 31 | S M T W T F S<br>1 2 3<br>4 5 6 7 8 9 10<br>11 12 13 14 15 16 17<br>18 19 20 21 22 23 24<br>25 26 27 28          | S M T W T F S<br>1 2 3<br>4 5 6 7 8 9 10<br>11 12 13 14 15 16 17<br>18 19 20 21 22 23 24<br>25 26 27 28 29 30 31 | S M T W T F S<br>1 2 3 4 5 6 7<br>8 9 10 11 12 13 14<br>15 16 17 18 19 20 21<br>22 23 24 25 26 27 28<br>29 30       |
| May  | June   | July   | August  |
| S M T W T F S<br>1 2 3 4 5<br>6 7 8 9 10 11 12<br>13 14 15 16 17 18 19<br>20 21 22 23 24 25 26<br>27 28 29 30 31 | S M T W T F S<br>1 2<br>3 4 5 6 7 8 9<br>10 11 12 13 14 15 16<br>17 18 19 20 21 22 23<br>24 25 26 27 28 29 30    | S M T W T F S<br>1 2 3 4 5 6 7<br>8 9 10 11 12 13 14<br>15 16 17 18 19 20 21<br>22 23 24 25 26 27 28<br>29 30 31 | S M T W T F S<br>1 2 3 4<br>5 6 7 8 9 10 11<br>12 13 14 15 16 17 18<br>19 20 21 22 23 24 25<br>26 27 28 29 30 31    |
| September  | October  | November   | December  |
| S M T W T F S<br>1<br>2 3 4 5 6 7 8<br>9 10 11 12 13 14 15<br>16 17 18 19 20 21 22<br>23 24 25 26 27 28 29<br>30 | S M T W T F S<br>1 2 3 4 5 6<br>7 8 9 10 11 12 13<br>14 15 16 17 18 19 20<br>21 22 23 24 25 26 27<br>28 29 30 31 | S M T W T F S<br>1 2 3<br>4 5 6 7 8 9 10<br>11 12 13 14 15 16 17<br>18 19 20 21 22 23 24<br>25 26 27 28 29 30    | S M T W T F S<br>1<br>2 3 4 5 6 7 8<br>9 10 11 12 13 14 15<br>16 17 18 19 20 21 22<br>23 24 25 26 27 28 29<br>30 31 |

Calendar Template by Nevenko | 2018      <https://www.calendar4you.com/2018/2018-12.html>      © 2017 Version 2.1.1. Free to Print.

# Income Tax

## Province of Employment

Employee  
reports to  
physical or  
deemed  
employer  
establishment

**OR**

Where  
employee is  
paid from if not  
reporting to an  
employer  
establishment

# Employment Standards

## Alberta

- Bill 17—Fair and Family Friendly Workplaces Act
  - Effective January 1, 2018

# Employment Standards

## Alberta

- Minimum wage
- Deductions from wages
- Hours of work
- Breaks
- Overtime banking

# Employment Standards

## Alberta

- Statutory holiday
- Vacation
- Probation period
- Job protected leave qualifier
- Maternity & parental leave
- Compassionate care leave

# Employment Standards

## Alberta

- New leaves:
  - Bereavement
  - Citizenship
  - Critically ill child
  - Death or disappearance of a child
  - Domestic violence
  - Long term illness
  - Personal emergency

# Employment Standards

## Alberta

- Group termination
- Temporary lay-off
- Penalties



# Employment Standards

## Ontario

- Bill 148—*Fair Workplaces, Better Jobs Act*

# Employment Standards

## Ontario

- Minimum wage
- Equal pay
- Scheduling
- Overtime

# Employment Standards

## Ontario

- Vacation
- Statutory holidays
- Personal emergency days
- Physician notes
- Compassionate care leave

# Employment Standards

## Ontario

- New leaves
  - Absence for death of a child
  - Domestic and sexual violence

# Workers' Compensation

## Ontario

- New premium setting process

# Workers' Compensation

## Ensure accurate reporting of assessable earnings

- Up to maximum assessable

## File annual return

- Most due February 28
- Quebec due March 15
- Ontario due March 31



| Province                      | Filing deadline 2016    | Maximum assessable earnings 2017 | Maximum assessable earnings 2017 |
|-------------------------------|-------------------------|----------------------------------|----------------------------------|
| Alberta                       | February 28             | \$98,700                         | \$98,700                         |
| British Columbia              | February 28 (quarterly) | \$81,900                         | \$82,700                         |
|                               | March 1-15 (yearly)     |                                  |                                  |
| Manitoba                      | February 28             | \$127,000                        | \$127,000                        |
| New Brunswick                 | February 28             | \$62,700                         | \$63,600                         |
| Newfoundland and Labrador     | February 28             | \$63,420                         | \$64,375                         |
| Northwest Territories/Nunavut | February 28             | \$90,600                         | \$90,600                         |
| Nova Scotia                   | February 28             | \$59,300                         | \$59,800                         |
| Ontario                       | March 31                | \$88,500                         | \$90,300                         |
| Prince Edward Island          | February 28             | \$52,800                         | \$53,400                         |
| Quebec                        | March 15                | \$72,500                         | \$74,000                         |
| Saskatchewan                  | February 28             | \$76,086                         | \$82,627                         |
| Yukon                         | February 28             | \$85,601                         | \$86,971                         |

# Provincial Healthcare

## British Columbia Medical Services Plan

- Effective January 1, 2018
  - Premiums reducing by 50%



# Provincial Healthcare

## British Columbia 2018 Monthly Premiums

| Coverage Type                    | Premium |
|----------------------------------|---------|
| Single                           | \$37.50 |
| Single Parent 1 or more children | \$37.50 |
| 2 adults                         | \$75.00 |
| 2 adults with children           | \$75.00 |

# Provincial Healthcare

A stylized map of Ontario, Canada, with the landmass in yellow and the Great Lakes in blue. The easternmost part of the province is highlighted in red.

## Ontario Employer Health Tax (EHT)

| Eligible employers                             | Non-eligible employers                           |
|--|--|
| \$450,000 or less exempt                       | No exemption                                     |
| Assessable remuneration less \$450,000 x 1.95% | Tax rate varies based on assessable remuneration |

# Quebec Legislative Updates



## Electronic RL-1 Slip

Employee consent not required if:

- Delivery is through a secure portal
- Option to print is available
- Paper still available – upon request

# RL-1 Summary

- Mandatory requirement to file
  - even when slips filed electronically
- If using a service provider
  - confirm who is responsible for filing summary

# Quebec Pension Plan

|                              | 2017        | 2018        |
|------------------------------|-------------|-------------|
| Maximum pensionable earnings | \$55,300.00 | \$55,900.00 |
| Annual exemption             | \$3,500.00  | \$3,500.00  |
| Contributory earnings        | \$51,800.00 | \$52,400.00 |
| Contribution rate            | 5.40%       | 5.40%       |
| Maximum contribution         | \$2,797.20  | \$2,829.60  |

# Future Enhancement to QPP

- Enhancements to match changes announced to CPP including:
  - future enhancement
  - stabilization measures

# Employment Insurance

|                            | 2017        | 2018        |
|----------------------------|-------------|-------------|
| Maximum insurable earnings | \$51,300.00 | \$51,700.00 |
| Premium rate               | 1.27%       | 1.30%       |
| Maximum premium (employee) | \$651.51    | \$672.10    |
| Unreduced employer premium | 1.778%      | 1.82%       |
| Maximum premium (employer) | \$912.11    | \$940.94    |



# EI Premium Reduction Rates

## 2018 Reduced employer EI premium

| Category 1 | Category 2 | Category 3 | Category 4 |
|------------|------------|------------|------------|
| Multiple   | Multiple   | Multiple   | Multiple   |
| 1.238      | 1.122      | 1.128      | 1.103      |

# Quebec Parental Insurance Plan

|                            | 2017        | 2018        |
|----------------------------|-------------|-------------|
| Maximum insurable earnings | \$72,500.00 | \$74,000.00 |
| Premium rate               | 0.548%      | 0.548%      |
| Maximum premium (employee) | \$397.30    | \$405.52    |
| Unreduced employer premium | 0.767%      | 0.767%      |
| Maximum premium (employer) | \$556.08    | \$567.58    |

## TP-1015.3-V

### Basic personal exemption and tax credit

- Personal tax credits will now use the lowest tax rate
  - currently 16%
- The basic personal exemption will be increased
  - from \$11,635 to \$15,012

# CNESST

## Contribution to Labour Standards

- Effective January 1, 2017
- Contribution rate changed:
  - from 0.08%
  - to 0.07%

# Personal Health Contribution

- Eliminated retroactively
  - for 2016
  - if income under \$134,095
- RQ will automatically adjust tax returns

# Taxable Benefits

## Stock Option Deduction

Increased to 50%

- On public securities
- Options granted after February 21, 2017
- Organizational payroll at least \$10 million

Does not apply for CCPC

# Taxable Benefits

## Home Relocation Loan Deduction

To be eliminated effective January 1, 2018

## Implementation deadlines

| Number of employees | Deadline                           |
|---------------------|------------------------------------|
| 20 or more          | December 31, 2016                  |
| 10 to 19            | December 31, 2017                  |
| 5 to 9              | TBD – not prior to January 1, 2018 |



# Questions



For further information please contact:

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